that non-defaulting farmers have a continuous access to institutional credit at a much lower rate of interest due to interest subvention provided by the Government. Credit made available to these farmers from institutional lenders is also larger leading to proper investment and better returns from agriculture compared to non-institutional borrowings.

In the Union Budget 2008-09, the Government has announced a debt waiver and debt relief scheme for farmers, which stipulates that all agricultural loans disbursed by Scheduled Commercial Banks (SCBs), Regional Rural Banks (RRBs) and Cooperative Credit Institutions to small and marginal farmers upto 31st March, 2007 that were overdue as on 31st December, 2007 and which remained unpaid until 29th February, 2008 will be waived while under One Time Settlement (OTS) scheme for other farmers, a rebate of 25% against payment of the balance amount of 75% is allowed.

Cuts in direct and indirect taxes on consumer items

2405. SHRI MAHENDRA MOHAN: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the recent Budget bonanza included direct and indirect tax cuts in excise duties to bring down the prices of certain consumer items;

(b) if so, the details thereof;

(c) whether these tax benefits have been passed on to the consumers, and the industries have reduced the prices to match the cut in excise duties;

(d) if so, the details thereof;

(e) if not, the reasons therefor; and

(f) what action Government proposes to take against those who do not reduce the prices?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) Excise duty cuts were done in budget 2008-09 to give a stimulus to the manufacturing sector, particularly sectors where growth is flagging. Some of these sectors are growth and employment drivers or have large externalities. They include pharmaceuticals, buses and their chassis, small cars, two wheelers and paper, paper-board and articles.

(c) to (e) The price of a product is a function of several factors, including cost of raw materials, labour costs, power, interest cost and other commercial considerations arising out of competition and prevailing demand-supply conditions. Besides, there is no mandatory or legal requirement to pass on every excise duty cut in the same proportion to consumers.

(f) Does not arise in view of (a) to (e) above.

Legal suits by companies against banks dealing in derivations

2406. SHRI RAJEEV CHANDRASEKHAR: Will the Minister of FINANCE be pleased to state:

(a) whether there has recently been a spate of legal suits by companies against banks that have sold them derivatives and caused losses;

(b) how many such cases are there wherein banks are involved; what are the kind of derivates sold, the names of the banks which are doing this business and how much losses have been caused to the companies; and